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United Nations common system

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2002

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

Summary

Pursuant to rule 153 of the rules of procedure of the General Assembly, the present statement is submitted detailing the administrative and financial implications of the decisions and recommendations of the International Civil Service Commission on the common system, in particular their implications on the programme budget of the United Nations for the biennium 2002-2003. Recommendations and decisions of the Commission giving rise to requirements under the regular budget for the current biennium will be taken into consideration when computing the first performance report for the biennium 2002-2003.

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I. Introduction

1. The twenty-eighth annual report of the International Civil Service Commission (ICSC)[1] contains a number of decisions and recommendations with financial implications for the regular budget for the biennium 2002-2003 related to the following issues (the paragraph numbers refer to the ICSC report):

(a) Conditions of service of staff in the Professional and higher categories: base/floor salary scale and staff assessment scale (paras. 166-174);

(b) Conditions of service applicable to the General Service and related categories:

(i) Survey of best prevailing conditions of employment for the General Service and related categories in Vienna (paras. 187-190);

(ii) Survey of best prevailing conditions of employment for the General Service and related categories and the Language Teacher category in Geneva (paras. 191-193);

(c) Conditions of service applicable to both categories of staff:

(i) Hazard pay (locally recruited staff) (paras. 111-123);

(ii) Education grant (paras. 134-142).

II. Conditions of service of staff in the Professional and higher categories: base/floor salary scale

2. The General Assembly, in section I.H. of its resolution 44/198 of 21 December 1989, established a floor net salary scale for staff in the Professional and higher categories by reference to the corresponding net salary levels of officials in comparable positions serving in the base city of the comparator civil service (the federal civil service of the United States of America). The base/floor salary scale was part of an integrated package of measures in which negative classes of post adjustment were eliminated. The base/floor scale is also used in the calculation of payments under the mobility and hardship scheme, as well as separation payments.[2] Since 1990, adjustments to this scale have been made every year from 1991 to 1995 and from 1997 to 2002.

3. The General Schedule salary scale for the United States federal civil service in Washington, D.C., the current comparator, was increased by 4.77 per cent on a gross basis, effective 1 January 2002. This amount, combined with the effect of tax changes, resulted in a net increase of 5.66 per cent for the comparator officials at the GS-13/GS-14 levels, the reference point for comparison between the General Schedule and the common system base/floor scale. In accordance with the approved procedures and past practice, this would call for an upward adjustment of the common system salary scale by 5.66 per cent, through the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

4. The Commission also forecast that the net remuneration margin, which measured the relationship between United Nations salaries and those of the comparator for the period from 1 January 2002 to 31 December 2002, would drop to 109.3. Such a drop in the margin is outside the range of 110 to 120 and far below the

desirable midpoint margin level of 115 established by General Assembly resolution 40/244 of 18 December 1985 (sect. I, para. 2). A real salary increase in the net remuneration of officials in the Professional and higher categories, which would obviate further erosion of the existing gap between United Nations salaries and those of the comparator, would be required to bring the margin to an appropriate level. The Commission decided to recommend to the General Assembly, for implementation effective 1 March 2003, a differentiated real increase of the base/floor salary scale to address the low level of margin at the upper grades of the scale and to restore the overall level of the margin to the desirable midpoint of 115. This action would also be in line with repeated requests by the General Assembly to address the margin imbalance.[3]

5. The financial implications resulting from a differentiated real salary increase for the United Nations and other participating organizations of the common system as a whole on an annual basis have been estimated by ICSC in the amount of $89,219,900, broken down as follows:

(a) Net remuneration increase: $84,131,900;

(b) In respect of mobility/hardship allowance: $4,190,000;

(c) In respect of the scale of separation payments: $808,000.

6. The total financial implications of the Commission's recommendation for the United Nations regular budget for a 10-month period (1 March-31 December 2003) have been estimated at $20,434,100, broken down as follows:

(a) Net remuneration increase: $19,779,100;

(b) In respect of mobility/hardship allowance: $463,300;

(c) In respect of the scale of separation payments: $191,700.

III. Conditions of service applicable to the General Service and related categories

7. The General Assembly, in paragraph 2 of section II, of its resolution 52/216 of 22 December 1997, endorsed the recommendations of ICSC on refinements to and modification of the methodologies used in conducting surveys of best prevailing conditions of employment at Headquarters and non-headquarters duty stations. On the basis of the revised methodology, the Commission, in 2002, conducted surveys of best prevailing conditions of service for the General Service and related categories in Vienna and Geneva and the Language Teacher category in Geneva.

A. Survey of best prevailing conditions of employment in Vienna

8. The Commission, on the basis of the revised methodology, conducted a survey of best prevailing conditions of service for the General Service and related categories of staff in Vienna with a reference date of 1 April 2002. The survey result for staff of the Vienna-based organizations indicated that the salary scale was on average 2.98 per cent higher than the current scale. In addition to recommending a new salary scale for staff in the General Service and related categories in Vienna, the Commission also recommended revised rates for dependency allowances

determined on the basis of tax abatements, payments provided by the Government of Austria under social security provisions and payments made by surveyed employers. The revised rates have been implemented effective 1 April 2002.

9. The annual financial implications for the United Nations common system as a whole with regard to the salary scale, including the increase in the level of dependency allowances, for General Service and related categories of staff of the Vienna-based organizations, have been estimated at $2,300,000.

10. The annual financial implications for the United Nations regular budget with regard to the approved survey for the General Service and related categories of staff in Vienna, including the increase in the level of dependency allowances, have been estimated at $393,000. The relating additional costs for a 21-month period of the biennium 2002-2003 (1 April 2002-31 December 2003) for the regular budget are estimated at $689,300, which would be taken into account in the computation of the first performance report for the biennium 2002-2003.

B. Survey of best prevailing conditions of employment in Geneva

11. The Commission, on the basis of the revised methodology, conducted a survey of best prevailing conditions of service for the General Service and other locally recruited categories of staff and for the Language Teacher category in Geneva with a reference date of 1 January 2002. The survey result for General Service staff and Language Teacher of the Geneva-based organizations indicated that the salary scale was on average 1.93 per cent higher than the current scale. In addition to recommending a new salary scale for staff in the General Service and Language Teacher categories in Geneva, the Commission also recommended revised rates for dependency allowances determined on the basis of tax abatement, payments provided by the Swiss Government and payments provided by surveyed employers. The revised rates have been implemented effective 1 January 2002.

12. The annual financial implications for the United Nations common system as a whole with regard to the proposed salary scale, including the increase in the level of dependency allowances, for General Service and Language Teacher categories of the Geneva-based organizations, have been estimated at $5,573,000.

13. The annual financial implications for the United Nations regular budget with regard to the approved survey for the General Service and Language Teacher categories of staff in Geneva, including the increase in the level of dependency allowances, have been estimated at $1,616,200. The related additional costs for the biennium 2002-2003 would amount to $3,232,300, to be taken into account in the computation of the first performance report for the biennium 2002-2003.

IV. Conditions of service applicable to both categories of staff

A. Hazard pay (locally recruited staff)

14. At its annual session in 1998, the Commission decided to change the review cycle for hazard pay from two to three years and to review the level of this allowance for both internationally and locally recruited staff in 2002.

15. In its 2002 review, the Commission considered a number of options for adjusting the level of hazard pay for both categories of staff. After consultation with the organizations, the United Nations Security Coordinator and the staff, the Commission decided to maintain the level of hazard pay for international staff at its current level of $1,000 and to increase the level of hazard pay granted to locally recruited staff from 20 to 30 per cent of the midpoint of local base salary scales, effective 1 January 2003. The Commission also reiterated its commitment to the principle of hazard pay, expressed its appreciation for the dedication and commitment of all those staff working in hazardous conditions and reconfirmed that the present criteria for the granting of hazard pay should remain unchanged.

16. The annual financial implications of the Commission's decision in respect of the increase in the level of hazard pay granted to locally recruited staff from 20 to 30 per cent of the midpoint of local base salary scales (effective 1 January 2003) for the common system as a whole have been estimated in the amount of $6,900,000.

17. The annual financial implications for the United Nations regular budget have been estimated at $342,500, to be taken into account in the computation of the first performance report for the biennium 2002-2003.

B. Education grant

18. The General Assembly, in section III.A of its resolution 52/216, endorsed the recommendations of the Commission in respect to modifying the approved methodology for determining the level of the education grant.[4] Based on the established methodology, the Commission decided to recommend to the General Assembly that:

(a) In the countries/currency areas, namely Austria (euro), Italy (euro), Switzerland (Swiss francs), Spain (euro), United Kingdom of Great Britain and Northern Ireland (pound sterling), United States dollars in the United States of America and the United States dollar outside the United States of America where education-related expenses were incurred, the levels of maximum admissible expenses and the maximum grant should be set as follows:

Country currency area	*Maximum admissible level*	*Maximum education grant*
Austria (euro)	13 618	10 214
Switzerland (Swiss franc)	25 347	19 010
Spain (euro)	10 586	7 940
United Kingdom (pound sterling)	15 900	11 925
Italy (euro)	13 518	10 138
United States dollar (inside the United States)	25 743	19 307
United States dollar (outside the United States)	14 820	11 115

(b) The flat rates for boarding to be taken into account within the maximum admissible educational expenses and the additional amounts for reimbursement of boarding costs over and above the maximum grant payable to staff members at designated duty stations should be revised as shown below:

Country currency area	*Normal flat rate for boarding*	*Additional flat rate for boarding*[a]
Austria (euro)	3 300	4 949
Belgium (euro)	3 147	4 720
Denmark (krone)	23 062	34 592
Germany (euro)	3 794	5 690
Finland (euro)	2 382	3 572
France (euro)	2 672	4 008
Ireland (euro)	2 652	3 978
Italy (euro)	2 696	4 044
Japan (yen)	525 930	788 895
Netherlands (euro)	3 521	5 282
Norway (euro)	17 978	26 967
United Kingdom (pound sterling)	3 104	4 656
Spain (euro)	2 606	3 908
Sweden (krona)	22 127	33 190
Switzerland (Swiss franc)	5 182	7 773
United States (dollar)	4 742	7 113
United States dollar area (outside United States)	3 490	5 235

[a] At designated duty stations.

(c) The amount of the special education grant for each disabled child should be equal to 100 per cent of the revised amounts of maximum allowable expenses for the regular grant;

(d) All the above measures should be applicable as from the school year in progress on 1 January 2003.

19. In addition, the Commission decided to maintain the special measures for China, Indonesia, Romania and the Russian Federation, which would allow organizations to reimburse 75 per cent of actual expenses up to and not exceeding maximum expenditure level in force for the United States dollar inside the United States.

20. The annual financial implications of the Commission's decision in respect of the proposed increases in the maximum admissible expenditure level and the increase in boarding costs for the common system as a whole have been estimated in the amount of $1,900,000.

21. The annual financial implications for the United Nations regular budget have been estimated at approximately $366,700, to be taken into account in the computation of the first performance report for the biennium 2002-2003.

V. Conclusions and recommendations

22. The financial implications for the regular budget resulting from decisions and recommendations of ICSC are summarized below as follows:

	(In United States dollars)
Remuneration of staff in the Professional and higher categories[a]	
Net remuneration increase (10 months, 1 March to 31 December 2003)	19 779 100
Mobility/hardship scheme (10 months, 1 March to 31 December 2003)	463 300
Separation payments (10 months, 1 March to 31 December 2003)	191 700
Survey of best prevailing conditions of employment for the General Service and related categories[b]	
Vienna (21 months, 1 April 2002 to 31 December 2003)	689 300
Geneva (24 months, 1 January 2002 to 31 December 2003)	3 232 300
Conditions of service applicable to all categories of staff[c]	
Hazard pay	342 500
Education grant	366 700
Total	**25 064 900**

[a] See para. 6 above.
[b] See paras. 10 and 13 above.
[c] See paras. 17 and 21 above.

23. **Accordingly, the related requirements under the regular budget resulting from the recommendations and decisions of ICSC have been estimated to be on the order of $25,064,900, net of staff assessment. The increased requirements for staff assessment, which are estimated at $4,627,800, would be met from an equivalent increase in the amount of income under Income section 1, income from staff assessment. Those requirements are stipulated bearing in mind that any decisions taken by the General Assembly will be taken into consideration when computing the first performance report for the biennium 2002-2003.**

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 30* (A/57/30).

[2] Ibid., *Forty-fourth Session, Supplement No. 30* (A/44/30), vol. II, paras. 118, 119, 316 and 453 (g).

[3] General Assembly resolutions 46/191 A, 48/224, 49/223, 53/209, 54/238, 55/223 and 56/224.

[4] *Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30* and corrigendum (A/47/30 and Corr.1), para. 251 and annex VII.